CLIMATE INVESTMENT FUNDS

PPCR/SC.15/4
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Meeting of the PPCR Sub-Committee
Washington, D.C.
November 18, 2014

Agenda Item 4

LESSONS FROM PPCR PHASE 1 FOR ENHANCING READINESS FOR CLIMATE-RESILIENT DEVELOPMENT

PROPOSED DECISION

The PPCR Sub-Committee reviewed document, PPCR/SC.15/4, *Lessons from PPCR Phase 1 for Enhancing Readiness for Climate-Resilient Development*, and welcomes the assessment of the PPCR preparatory process and associated lessons learned. The PPCR Sub-Committee requests the CIF Administrative Unit and the MDBs to share these lessons with interested stakeholders, especially those organizations and mechanisms supporting climate-resilient development and adaptation.

The Sub-Committee agreed to take into account the lessons from PPCR "phase 1" and the recommendations when discussing document PPCR/SC.15/7, *Criteria and Process for Selecting New Pilot Countries under the Pilot Program for Climate Resilience*.

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List of Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
CSO	Civil Society Organization
CIF	Climate Investment Funds
EBRD	European Bank for Reconstruction and Development
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IFC	International Finance Corporation
MDB	Multilateral Development Bank
NAPA	National Adaptation Program of Action
PPCR	Pilot Program for Climate Resilience
SIDS	Small Island Developing States
SCF	Strategic Climate Fund
SPCR	Strategic Program for Climate Resilience

EXECUTIVE SUMMARY

The Pilot Program for Climate Resilience (PPCR) is a targeted program of the Strategic Climate Fund (SCF), which is one of two funds within the framework of the Climate Investment Funds (CIF). The PPCR funds technical assistance and investments to support countries' efforts to integrate climate risk and resilience into core development planning and implementation. It provides incentives for scaled-up action and initiates transformational change by catalyzing a shift from "business as usual" to broad-based strategies for achieving climate resilience at the country level. The PPCR complements existing development efforts and supports actions based on comprehensive planning consistent with countries' poverty reduction and development goals. The PPCR is presently the largest dedicated financing mechanism for adaptation finance with more than $1.3 billion pledged to date. PPCR preparatory resources, in the form of Phase 1 grants, were made available to assist nine countries and two regions in preparing **Strategic Programs for Climate Resilience** (SPCR).[1]

This note summarizes findings from a study exploring the relevance, flexibility, and effectiveness of PPCR Phase 1 activities and funding as a potential model for developing strategic investment frameworks for climate-resilient development which can attract large-scale and diverse adaptation finance.

Background on Phase I

The PPCR is implemented in two phases: countries first develop the SPCR, a strategic plan nested in national development goals and strategies for the use of an envelope of PPCR resources (Phase I), and then prepare and implement the investments and enabling activities identified therein (Phase II).

Phase I was conceived to ensure that investments identified for PPCR funding would meet pilot country needs and dovetail with country priorities and that the development of the SPCR would be based on a solid analytical and participatory process.

Nine countries and two regional programs accessed Phase I grants of up to $1.5 million to undertake key tasks leading to the development of the SPCR, including:

- **Analysis of climate risks**: by using appropriate modeling tools and prioritizing sectors and themes
- **Institutional analysis**: Identify gaps, knowledge and institutional capacities to build climate resilience through participatory processes
- **Knowledge and awareness raising:** disseminate key messages and discuss outcomes of studies and institutional gaps and needs with broad range of stakeholders
- **Capacity building**: develop relevant capacity building activities to address critical capacity constraints
- **Consultation process:** ensure a socially inclusive process during consultations to provide inputs from a wide range of actors

[1] PPCR pilots: Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Níger, Tajikistan, Yemen, Zambia' Carribbean regional program (Dominica, Haiti, Jamaica, Grenada, St. Lucia, St. Vincent and the Grenadines) and Pacific regional program (Papua New Guinea, Samoa and Tonga)

For the majority of countries, PPCR Phase 1 funding set the foundation for the development of the SPCR, facilitated its timely completion, and improved their overall readiness to implement the program of investments and supporting activities.

Assessment of Phase 1 financing

The review identified the following **enabling factors** that contributed to the effectiveness of Phase I as a vehicle for enhancing country readiness:

- **Establishing country ownership** from the outset facilitated the Phase 1 process, increased commitment to the program and ensured that the SPCR reflected country priorities. This was aided by anchoring the PPCR in a lead ministry, such as Ministry of Finance.
- The creation of **country coordination mechanisms** during Phase I, which in many countries were extended into Phase II, helped to prevent a gap that could undermine the accomplishments of Phase 1 and provided sustenance to maintain the programmatic nature of the SPCR implementation.
- **Stakeholder consultations** undertaken during Phase 1 enhanced engagement and communication among stakeholders and increased their ownership across all pilot countries.
- **Capacity building** is central to the success of the PPCR and a clear justification for a strong preparatory phase prior to the implementation of the investment plan.
- **MDBs were critical catalysts** in the process and the involvement of more than one MDB in most countries had positive impacts, although it also created management challenges in terms of operational efficiency.
- **Extension of Phase 1 activities** beyond the development of the SPCR, both in terms of scope and implementation period, had positive impacts for SPCR implementation, especially as many activities took longer than expected.

In addition, a number of **barriers** were identified:

- **Uncertainty about the level of funding available for Phase 2** led some countries to fast-track Phase 1 in order to ensure access to Phase 2 funds. This limited the time available for certain important Phase 1 activities, including learning, capacity building and cross-sectoral coordination.
- Countries with **lower prior readiness levels** were more likely to experience delays due to administrative challenges, inadequate coordination within the government and government instability.
- **Private sector engagement** was limited by a number of factors including the underdevelopment of the formal private sector and financial intermediaries, lack of knowledge and experience with adaptation-related investment opportunities, and the difficult business environments in some pilot countries.

Lessons Learned on the Relevance, Flexibility and Effectiveness of PPCR Phase I

Relevance

- Phase I support for key building blocks:
  - country ownership
  - capacity building
  - coordination and institution-building
  - communication and collaboration
- Limited readiness (technical and administrative) showed that extra time for Phase 1 was needed
- Shortcomings:
  - Need for greater attention to monitoring and evaluation from the outset
  - need to further increase stakeholder capacity (CSO and private sector)

Flexibility

- Flexibility in scope and timing allowed governments to tailor Phase I according to country-specific needs and capacities
- PPCR designed to address vulnerability and limited in-country capacity for climate resilience, but the same capacity challenges could hinder ability to make efficient use of the Phase 1 grant

Effective-ness

- Phase I evolved into sustenance function with important longer-term benefits, led to sustainable institutional arrangements for climate resilience.
- Built technical capacity, stakeholder consensus, intergovernmental collaboration and civil society cooperation
- Aided by availability of experts and good teamwork between stakeholders, including the MDBs and government agencies
- As designed, did not sufficently nurture private sector engagement
- Challenges due to burdensome procedures and limited capacity in some countries

Recommendations

Several broad recommendations can be drawn from the lessons that have emerged from Phase 1, which could inform future efforts of the PPCR and other initiatives including the Green Climate Fund that aim to support readiness for and investments in climate-resilient development.

- **Integrate the preparatory phase with the implementation phase** to keep momentum to build upon the achievements from Phase 1 and reduce uncertainties or inefficiencies.
- **Enable efficient access to funding** through simplified and straightforward procedures and guidelines. These procedures – and, in the context of the PPCR, lead MDB roles – need to be clearly defined at the outset and ideally remain consistent throughout.
- **Clarity on needs and absorptive capacity through consultation processes.** Recognize the need to provide greater technical and institutional support in low capacity countries, but not necessarily more money.
- **To enhance programmatic approach,** maintain f**lexibility,** allow requisite time to foster **country ownership** and ensure **participatory process**, ensure **institutional support leading to long-term sustainability,** and **strengthen capacity**, including for non-government actors.
- **Recognize the challenges to private sector involvement from the beginning of the process to ensure realistic objectives for participation and investment.** Transfer of lessons from middle-income countries as well as substantial technical assistance and market building will be needed in low-income countries to create the conditions for private sector engagement. Allocation of funds for private and public sector investments through separate windows could reduce the preponderance of the public sector and facilitate private sector participation.
- Effectively distill, document and share **lessons learned and best practices** to strengthen knowledge among different stakeholders and facilitate informed decision-making.

INTRODUCTION

1. The Pilot Program for Climate Resilience (PPCR) is a targeted program of the Strategic Climate Fund (SCF), one of two funds within the Climate Investment Funds (CIF). The PPCR supports a **programmatic approach** and provides scaled-up financing, delivered through the multilateral development banks (MDBs)[2], to low-income countries to mainstream climate resilience into development planning and investments. The PPCR is presently the largest dedicated financing mechanism for adaptation finance with more than $1.3 billion pledged to date. PPCR preparatory resources, in the form of Phase 1 grants, were made available to assist nine countries and two regions[3] in preparing **strategic programs for climate resilience** (SPCR).

2. Specific PPCR objectives are to:

- pilot and demonstrate approaches for the integration of climate risk and resilience into development policies and planning;
- strengthen capacities at the national level to integrate climate resilience into development planning;
- scale-up and leverage climate resilient investment, building on other ongoing initiatives; and
- enable learning-by-doing and sharing of lessons at country, regional and global levels.

3. To achieve these objectives, the PPCR supports two types of activities:

(i) funding for **technical assistance** to enable developing countries to build upon existing national work to integrate climate resilience into development plans, strategies and financing. This includes grant funding for policy reform, capacity building, and long-term institutional strengthening (Phase I); and
(ii) additional financial resources to help **fund a program of public and private sector investments** identified in national or sectoral development plans or strategies addressing climate resilience, financed through a combination of grants and near-zero interest credits (Phase 2).

4. By May 2013, all PPCR pilots had completed the process of developing SPCRs, indicating a transition out of Phase 1 and into the development and implementation phase of agreed investments. This study aims to take stock of what has been achieved with Phase 1 financing, and to document lessons that can be learned regarding the relevance, flexibility, and effectiveness of Phase 1 activities and funding as a potential model for developing strategic investment frameworks for climate-resilient development which can attract large-scale and diverse adaptation finance. The results from this work could inform any future modifications to

[2] African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group including the International Finance Corporation
[3] PPCR pilots: Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Níger, Tajikistan, Yemen, Zambia, Carribbean regional program (Dominica, Haiti, Jamaica, Grenada, St. Lucia, St. Vincent and the Grenadines) and Pacific regional program (Papua New Guinea, Samoa and Tonga)

the modalities of the PPCR and other institutions as well as mechanisms supporting climate-resilient development.

RATIONALE AND MODALITIES FOR PHASE 1 FINANCING

5. The aim of Phase 1 is to lay the foundation for climate resilience to be mainstreamed into development planning, including supporting countries in the development of an SPCR, including the cross-sectoral dialogue necessary to arrive at a common vision of climate resilience. Preparation of the SPCR requires identifying priorities and strategies, defining key agencies, allocating tasks among government agencies, MDBs, and other partners, and developing a results framework to track progress (CIF 2009). Phase 1 therefore set out to fund the following activities: analysis of climate risks, institutional analysis, knowledge and awareness raising, capacity building, and consultation processes.

Phase 1 Activities

6. The CIF provided operational guidelines to countries for the preparation of the SPCR.[4] First, the process should be country-led and country-driven to ensure that the investments developed and implemented under the PPCR meet pilot country needs and dovetail with country priorities. Second, the development of the SPCR should be based on a solid analytical and participatory process, including an assessment of climate impacts on and risks for vulnerable groups, natural resources, ecosystem services and economic sectors. Consensus-building efforts using existing or enhanced dialogue platforms are central to identifying the priority areas of action to be supported by the PPCR. Where possible it should build on the National Adaptation Programs of Action (NAPAs) and other relevant country studies and strategies, avoiding duplication of these efforts. Likewise, it should complement activities already planned or in implementation, including those financed by the Adaptation Fund.

7. As Phase 1 evolved to bridge the transition to Phase 2, the activities originally intended to support the development of the SPCR took on a broader role in supporting the implementation of the SPCR. Box 1 outlines the tasks involved in developing the SPCR.

Box 1: Key tasks in the development of the SPCR during Phase I

Analysis of Climate Risks:

(a) Use appropriate modeling tools and existing assessments to identify climate risks to key national economic sectors, sub-regions, vulnerable groups, and natural resources and ecosystems; and prioritize sectors and themes for adaptation interventions.

(b) Conduct rapid vulnerability assessments using a range of approaches.

[4] An overview of what should be found in a SPCR is available from: https://www.climateinvestmentfunds.org/cif/Pilot_Programs

Institutional Analysis:

(a) Identify and initiate a cross-sector coordination mechanism suitable in the specific country context to support the priority sectors and themes identified above.

(b) Identify cross-ministerial/sectoral institutional gaps and overlaps, resource needs, and recommendations to promote sectoral coordination to promote/build climate resilience.

(c) Identify gaps, knowledge, and institutional capacities to build climate resilience through participatory processes.

(d) Assess adequacy or possibilities for strengthening participatory processes.

Knowledge and Awareness Raising:

Disseminate key messages and discuss the outcomes of the analytical studies and institutional gaps and needs analysis with a broad range of stakeholders and through communication channels such as the media and other networks.

Capacity Building:

Develop relevant capacity building activities to address critical capacity constraints in order to facilitate identification of climate risks and vulnerabilities as well as options for priority actions.

Consultation Process:

Ensure a socially inclusive process during consultations to provide inputs from a wide range of actors, such as NGOs and other civil society groups, including specifically vulnerable groups.

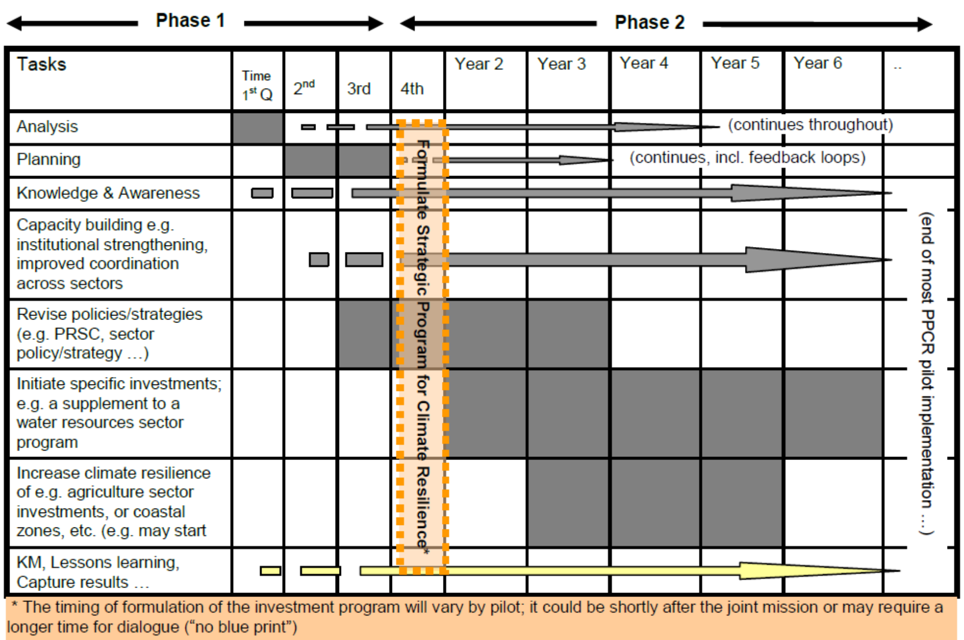
8. The selected PPCR pilot countries and regions span a range of climate change risks and vulnerabilities and represent a diversity of development and environmental circumstances. Thus the extent and duration of Phase 1 tasks were expected to vary among pilots, depending on each country's needs and readiness. For example, some countries already had solid information available to assess options to address climate change impacts within key sectors or sub-regions. Others needed time to acquire such information before being able to launch a cross-sectoral dialogue and planning discussion. In countries where the NAPA or a similar process had already created a platform for analytical work and exchange, Phase 1 was expected to advance more quickly.

9. PPCR regional pilots in the Caribbean and Pacific combine single-country PPCR programs within an umbrella regional program. The aim of the regional PPCR pilots is to strengthen cooperation and capacity to integrate climate resilience into national and regional development planning and processes. A regional PPCR pilot was expected to provide significant

benefits over a country-by-country approach in cases where a single country lacks an adequate level of resources, knowledge, and capacity and/or where opportunities for key adaptive measures may only be realized through regional or sub-regional cooperation.

10. Figure 1 outlines potential Phase 1 tasks and the transition to Phase 2, emphasizing that the tasks implemented and the speed of their execution will be very country specific. Both phases are designed to be flexible and iterative.

Figure 1: Illustrative outline of phase 1 tasks of PPCR and transition to phase 2



Level of demand and approval for Phase 1 financing

11. **Funding required for the preparation phase varied, depending on the particular country's needs as well as the scope of preparatory activities included in Phase 1.** For countries with lower capacity levels and where prior preparatory work had not yet been undertaken, greater technical and financial support was needed. However, the absorptive capacity was often limited, which slowed the process down. Countries using Phase 1 funds for preparatory activities beyond SPCR development required larger grants.

12. To facilitate the rapid development of the SPCRs, Phase 1 preparatory grants of up to $1.5 million were made available to the pilot countries and regional organizations and were requested by all but two countries (Bangladesh and Niger) and the Pacific regional track. **Bangladesh** and **Niger** both prepared the SPCR within their existing processes and using other resources. In both cases, the countries decided not to apply for the preparatory grant funding for reasons of expediency and because analytical work was already underway. Passing over the Phase 1 grants allowed these pilots to focus immediately on the preparation of the SPCR.

13. Phase 1 grants were approved between March 2010 and April 2011 and ranged from $0.2 million to $1.5 million and totaled $10.32 million, see table 1. With the exception of **Nepal,** all

of the single pilot countries requested and received either the maximum level of funding or close to the maximum.

Table 1: Overview of Phase 1 Grants

Country/Region	Approved Phase 1 grant ($ millions)	Cumulative Disbursement (as of June 2014)	Commitments not yet disbursed /Status
Bolivia	1.5	1.2	0.3
Cambodia	1.31	1.31	Closed
Mozambique	1.5	.88	Closed
Nepal	0.21	0.21	Closed
Tajikistan	1.46	1.46	Closed
Yemen	1.5	1.5	Closed
Zambia	1.5	1.42	Closed
Papua New Guinea	0.40	0.40	Closed
Samoa	0.42	0.42	Closed
Tonga	0.20	0.20	Closed
Dominica	0.31	0.25	Closed
Grenada	0.27	0.27	Closed
Haiti	0.45	0.26	0.19
Jamaica	0.51	0.51	Closed
Saint Lucia	0.31	0.31	Closed
Saint Vincent and the Grenadines	0.27	0.27	Closed
Caribbean Regional Track	0.24	0.24	Closed

Source: CIF Administrative Unit based on MDB semi-annual reports to the CIF Trustee. Data as of June 30, 2014.

Box 2: Nepal – a country-driven process based on a small PPCR Phase 1 grant

Among single-country pilots, Nepal requested the smallest Phase 1 grant of $0.21 million to prepare its SPCR in March 2010. The SPCR was endorsed in June 2011, providing an envelope of $86 million in grants and near-zero interest credits. At the time of writing, four out of five SPCR components have been approved by the PPCR Sub-Committee and respective MDBs and are under implementation. Following a recent decision taken by the Government of Nepal not to accept credits or loans for climate change-related investments, Nepal has returned an unused credit allocation of $14.4 million.

Because the Government of Nepal wanted to move quickly into implementation, the Phase 1 grant was used exclusively to produce the SPCR. Nepal felt that a much larger grant would take too long to plan and would result in activities that could be rolled into the investment plan. Despite the fact that Phase 1 did not gain ground in Nepal as a broader preparatory phase, funding was definitely needed to prepare the SPCR, providing the Government with technical support from a team of consultants.

Nepal, unlike a number of other pilot countries, was able to build on a well-defined policy framework for climate change. Nepal’s NAPA prioritization process was sufficiently comprehensive to serve as the basis for an adaptation strategy (NAPA 2010). The Government of Nepal endorsed its Local Adaptation Plans of Action framework to operationalize the NAPA and promulgated its National Climate Change Policy in 2011. Furthermore, the Asian Development Bank (ADB) was providing technical assistance (US$ 13 million) for capacity development and data collection, down-scaling of climate models, institutional strengthening, and vulnerability assessment. Nepal was able to move relatively quickly because consultations for the NAPA had built awareness and the NAPA thematic working groups could be engaged in the SPCR prioritization planning process. The NAPA had recently undertaken a vulnerability assessment, but not a climate change risk assessment, which was covered by the PPCR along with further community consultations.

Box 3: Bangladesh - a pilot country not requesting a Phase 1 grant

Bangladesh’s SPCR was among the first to be approved in November 2010. The country was able to move directly to implementation on the basis of its well-established policy and institutional framework for addressing climate change, and its advanced adaptation planning experience, namely developing the NAPA in 2005 and the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2009. The SPCR investments were built on priorities identified by the Government of Bangladesh’s executing agencies and were aligned with the priority areas in the BCCSAP and the NAPA, eliminating the need for a detailed planning phase.

Bangladesh harnessed its existing institutional arrangement for climate change to steer the PPCR process. This includes the management and technical committees set up for the Bangladesh Climate Resilience Fund, a multi-donor trust fund, and the Government’s own trust fund, the Bangladesh Climate Change Trust Fund. The Government of Bangladesh has also established climate change cells in various line ministries and a Climate Change Unit in the Ministry of Environment and Forestry (MoEF), which has the mandate to build government capacity for mainstreaming climate change and adaptation. The MoEF is the PPCR executing agency and maintains overall responsibility for overseeing implementation of the SPCR program. The MoEF also plays a direct role as a focal agency as it has pre-existing relationships with MDBs and a high level of authority to convene across various ministries that play a role in cross-sectoral issues of climate change.

These institutional arrangements allowed for the rapid development of the SPCR. However, the lack of a comprehensive planning phase may have contributed to interruptions and delays in implementation, and some stakeholders felt that PPCR roles and responsibilities were not clearly defined (Rai 2013b).

CONSISTENCY WITH INTENDED SCOPE OF PHASE 1

14. Funded activities closely matched the intended scope of Phase 1 and were conducted in a manner consistent with the principles of the PPCR, namely they were country (government)-led and country-driven, built on the NAPAs and other relevant country studies and strategies, supported by stakeholder consultation, and complemented existing adaption funds.

15. Table 2 provides an overview of the components approved for Phase 1 financing across the pilot countries. These components have been categorized into: analytical work in climate risk, mainstreaming, knowledge and awareness raising, capacity building, consultations, institutional analysis, and SPCR drafting. SPCRs are an outcome of a comprehensive, inclusive planning process and consistent with the countries' development and poverty reduction goals.

16. However, Phase 1 activities and objectives evolved over the course of implementation beyond just preparation of the SPCR. The scope of Phase 1 activities was expanded to include longer-term analyses to inform the design and implementation of Phase 2 investments and technical assistance activities, as well as capacity building, institutional strengthening, and other activities to improve and sustain the enabling environment for PPCR implementation. As a result, some activities initiated in Phase 1 continued after the completion of the SPCR and the initiation of Phase 2.

Table 2: Overview of Planned Uses of Phase 1 Funding by Pilot Countries

PPCR Pilot	Use of Phase 1 funding
Bolivia	• strengthening the National System of Climate Change Information by updating its database, offering training on the use of data and the homogenization of hydro-metrological information, developing climate change scenarios for Bolivia based on down-scaled models, technical training on the use and generation of climate scenarios using the Bayesian approach, and investigations of cyclical patterns in the weather and time series for Bolivia; • integrating a climate resilience approach into the National Planning System which focuses on public investment policies; • supporting the Rio Grande component through the formulation of the River Basin Planning for Pirai and Mizque; and • preparing an environmental and social safeguards framework.
Cambodia	• mainstreaming climate resilience at national and sub-national levels; • science-based adaptation planning and outreach; • civil society and gender considerations in climate change; and • assessment of private sector opportunities in climate change adaptation.
Mozambique	• assessment of strategic climate resilient livelihood options in drought prone areas in the Limpopo Valley (to inform detailed design of adaptation investments); • a national assessment of the impacts of sea-level rise and storms on coastal resources to provide a solid analytical platform for climate resilient policy development and planning in the coastal zone; and • a weather index insurance study.
Nepal	• building government capacity and expertise to prepare the investment plan and investment proposals according to PPCR guidelines; and

	• a consultative process to facilitate broad-based ownership and agreement on expected achievement of impact, outcome and outputs.
Tajikistan	• preparatory work in key sectors, including sustainable land management, energy, river-basin approaches, and governance arrangements for coordinating climate resilience efforts; and • establishment of a PPCR secretariat which is coordinating the implementation of the SPCR and other adaptation-relevant activities.
Yemen	• data gap analysis for spatial, temporal and quality of climate data as well as institutional and capacity gap analysis, including tech software and hardware; • awareness raising for all stakeholders through multi-media outreach • a rapid multi-risk assessment to identify vulnerable areas and communities for identification of pilot investments; • assessments of the climate information system and how to mainstream climate change resilience into national development planning and sectoral policies; • capacity building of the EPA as the technical secretariat of the Inter-Ministerial Committee for Climate Change to coordinate the preparation and implementation of PPCR; and • regional consultations in Taiz and Ibb.
Zambia	• technical assistance, studies, stakeholder engagement, and training /capacity-building initiatives; • consultation on policy and legal framework for long-term institutional framework and formulation/finalization of the National Climate Change Strategy; • set up of a multi-sectoral instructional arrangement for climate change coordination--i.e Interim National Climate Change Secretariat; • integrated sectoral and economic impact modeling through development of hazard and risk mapping of vulnerabilities to inform better decision-making at all levels of government; • scaled-up targeted awareness and communication before and during project implementation start up; and • development of a strategy/ financing framework for a national program for climate resilience
Caribbean regional program	• climatologic data assessments and projections; • review of relevant national and regional policies, development plans, legislation and regulations related to climate change in the countries with a view to prioritizing future investments to be financed by the PPCR; and • evaluation of data collection and management systems within the region, and development of a national climate risk screening toolkit.
Pacific regional program	• Phase 1 activities for Tonga and Papua New Guinea have been implemented through a combined technical assistance effort with a view to maximizing synergies in the development of the SPCRs. Samoa used resources to update analytical work such as situation analyses (including risk profiles), conduct institutional assessments set up a PPCR steering committee and build its capacity to lead the PPCR process and draft the SPCR. To further strengthen the PPCR work in these countries and in the Pacific as a region, the scope of this technical assistance was widened to include the activities to develop the Pacific regional component. Activities include planned stakeholder meetings intended to further bolster the country and regional capacity to support PPCR implementation.

Source: CIF October 2012 PPCR /SC 11.3. Rev

17. Among PPCR pilots, a range of capacities (technical and institutional) affected funding needs for building readiness for deploying large-scale adaptation finance and also affected the ability to effectively utilize larger grant amounts. The difficulty of absorbing the funds within the limited timeframe of the preparation of the SPCRs meant that for a number of countries other Phase 1 activities had not been completed when the SPCR was approved. In fact, for most countries, Phase 1 funding was needed not only to draft the SPCR but also to build up technical capacity, national consensus, and institutional structures that support the implementation phase. These distinct needs were not clearly defined at the beginning of Phase 1, but it is clear that these additional preparatory activities necessitated larger grants.

18. The PPCR Sub-Committee initially envisioned that the **regional pilots** would develop a single investment plan with each country having one "chapter". However, as the regional programs developed, this approach did not prove feasible because the capacities of the participating small island developing states (SIDS) were too diverse. Each individual country participating in the regional programs led its own national programming process resulting in country-specific SPCRs, while regional institutions led the development of a regional plan of activities (the "regional track") (CIF 2012). The Pacific regional track was developed without Phase 1 funding but benefited from the preparation efforts in the three countries participating in the program and existing analytical work.

STATUS OF IMPLEMENTATION OF PHASE 1 ACTIVITIES

19. The variation in the duration of Phase 1 among the pilot countries is largely explained by country readiness at the initiation of Phase 1. Phase 1 set out to support the key building blocks, namely country ownership, capacity building, coordination and institution building, communication and collaboration, including governments, donors and stakeholders, and private sector engagement. Countries require different levels of support depending on their baseline readiness in each of these areas, as well as on factors outside the scope of Phase 1 investments, such as natural disasters and political conflict. The PPCR countries and regions represent a range of climate change risks and were at very different stages in addressing these risks in their development planning and budgeting processes, which shaped the way PPCR Phase 1 was implemented. The limited readiness, not only technical but also administrative, of many countries meant that a substantial investment of time was needed to hire consultants, carry out studies, establish institutions, build stakeholder consensus, and create enabling conditions for private sector investments. This was especially true for the regional programs, which had to coordinate across a number of governments.

20. In addition, the pilots requesting Phase 1 grant resources spent considerable time in preparing the Phase 1 proposals before they focused on the development of the SPCR. Table 3 provides an overview of the time it took countries to prepare their SPCR following approval of their Phase 1 grant. This averaged 13.6 months, with a range of 5-25 months. (Initial estimates were for 3-18 months.) Total time from selection as a pilot country through preparation of the Phase 1 proposal and its implementation averaged just over two years.

Table 3: Overview of timeframes for Phase 1 Process

COUNTRY/ Region	Selection Date	Phase 1 Approval	Endorsement Date for SPCR	Preparation time for SPCR since selected (months)	Preparation time for SPCR since phase 1 grant was approved (months)	Completion of Phase 1 Date
Bangladesh	Jan-09	n/a	Nov-10	23	n/a	n/a
Bolivia	Jan-09	Jun-10	Nov-11	34	17	Jun-14
Cambodia	Jan-09	Jun-10	Jun-11	29	12	Apr-13
Mozambique	Jan-09	Jun-10	Jun-11	29	12	Nov-13
Nepal	Jan-09	Mar-10	Jun-11	29	15	Jun-11
Niger	Jan-09	n/a	Nov-10	23	n/a	n/a
Tajikistan	Jan-09	Jun-10	Nov-10	23	5	Jun-11
Yemen	Oct-09	Jun-10	May-12	31	22	Jun-14
Zambia	Jan-09	Mar-10	Jun-11	29	15	Sep-13
Pacific Regional Track	Oct-09	n/a	Apr-12	30	n/a	n/a
Papua New Guinea	Oct-09	Oct-10	Nov-12	37	25	*
Samoa	Oct-09	Jan-12	Apr-11	18	6	Mar-13
Tonga	Oct-09	Oct-10	Apr-12	30	18	*
Caribbean Regional Track	Oct-09	Jan-11	Apr-12	30	15	*
Dominica	Oct-09	Apr-11	Apr-12	30	12	Dec-13
Grenada	Oct-09	Oct-10	Apr-11	18	5	Dec-11
Haiti	Oct-09	Apr-11	May-13	43	25	Oct-14
Jamaica	Oct-09	Dec-10	Oct-11	24	11	*
Saint Lucia	Oct-09	Oct-10	Jun-11	20	8	Jun-13
Saint Vincent & the Grenadines	Oct-09	Nov-10	Apr-11	18	5	Mar-12
(Average)				**27.0**	**13.6**	*****

* indicates date not available

Box 4: Mozambique—Time needed for Phase 1

In Mozambique, the Phase I grant accelerated the production of the SPCR through the: (i) quick deployment of a coordination team to support cross-sector coordination and organization of local, regional and national consultations on the SPCR document; (ii) quick deployment of a consultant who, working with the MDBs and the team of coordinators, assisted the Government in drafting the SPCR document; and, (iii) quick preparation of consultation workshops in two sites where the SPCR projects are being implemented and at the central level. These consultations marked the beginning of a consistent cross-sector coordination process and dialogue on climate resilience. Nevertheless, there were unanticipated delays in the implementation of **Mozambique's** Phase 1 grant as procurement of consultancy services took more time than expected, complicated by the fact that there was only one financial officer with no procurement assistance, and the time and funds required for analytical work were also underestimated. As a result of the lack of time and resources, several Phase 1 studies have been supported by other funding sources or delayed until Phase 2.

REFLECTIONS ON ACTIVITIES IMPLEMENTED WITH PHASE 1 FINANCING

21. This section reviews the achievements of Phase 1 financing in terms of trends, commonalities and differences among countries and activities. For the majority of countries, PPCR Phase 1 funding set the foundation for the development of the SPCR, both technically and institutionally, and facilitated its timely completion. The pilot countries report that Phase 1 funding also improved their overall readiness to implement the SPCR.

22. The studies undertaken and structures set up during Phase 1 will support implementation of SPCR activities, and many will be further developed and strengthened through Phase 2. Of particular note are the coordination units that were established, which will support implementation, and the stakeholders mobilized during Phase 1, who will facilitate SPCR activities. In this sense the PPCR is considered not only to have contributed to readiness but to have provided the necessary 'architecture' and continuity to sustain the PPCR programmatic process through Phase 2 and beyond, as well as providing leadership for the larger national resilience agenda. A core aim of the PPCR is to develop a programmatic approach to climate resilience, mainstreaming climate change adaptation and disaster risk reduction into development planning and investment. Because project–based activities alone have limited potential to effect national or sector-wide transformations, a programmatic approach entails a long-term and strategic arrangement of linked investment projects and activities aimed at achieving large-scale impacts, taking advantage of synergies and co-financing opportunities.

23. Most of the pilot countries expressed general satisfaction with the PPCR and MDB processes for accessing PPCR funding for Phase 1. However, some pilot countries cited operational procedures as one of the greatest challenges. As a new program, PPCR procedures were still in flux in the early stages of Phase 1 and financing modalities were updated several times in the first year. The complexity of MDB policies and procedures, and the problems posed by the overlap between MDB and national procedures slowed the administrative process to channel Phase 1 resources to governments. MDB procedures for recipient-executed grants require a review of the procurement and financial management capacity of the government

implementing agency before the grant is signed, as well as preparation of a detailed procurement and financial management plan, all of which were time consuming. Even where grants were executed by MDBs, standard bidding procedures for consultants' services and close consultation with government agencies were required. Nevertheless, Phase 1 was generally implemented more quickly under MDB-executed grants than country-executed grants.

Trends, commonalities and differences in the extent of Phase 1 development and implementation

24. **Clear operational guidance, support to administrative capacity, and a consistent funding structure are necessary to facilitate the process of SPCR development and implementation.** For PPCR pilot countries, the complexity of PPCR and MDB procedures posed a challenge. Inadequate knowledge of MDB procurement guidelines and processes combined with limited local administrative capacity contributed to delays and misunderstandings. Uncertainty about Phase 2 funding drove some countries to truncate Phase 1.

25. To be successful, the PPCR has to be flexible in providing support taking into account different country circumstances. The selected pilot countries represented a range of climate change vulnerabilities and risks and are at different stages in their development planning and budgeting processes. Consequently, implementation of Phase 1 was significantly shaped by the **country's readiness** in terms of its institutional arrangements, technical capacity, and existing technical studies and priority-setting exercises.

26. Table 4 summarizes the strengths and challenges of the PPCR Phase 1 process, as reported by the country focal points in response to a questionnaire prepared for this study.

Table 4: Summary of Phase 1 Strengths and Challenges in Introducing a Programmatic Approach

Category	Strengths	Challenges
Capacity development	Provision of resources to undertake consultation & studies	Shortage of relevant in-country expertise
	Availability of experts to support process	English skills
		Insufficient high-level technical support
Stakeholder awareness /consultation/ capacity building	Awareness building across sectors and stakeholders, including government	Stakeholder consultation fatigue
	Capacity building	Reaching consensus among stakeholders
		Managing stakeholder expectations
		More involvement of government staff required to ensure learning
Institutional aspects	Success in building policy and institutional capacities and working arrangements	Incentivizing government involvement
	Complementarity with existing national initiatives, policies & strategies	
	Ministry of Finance focal point	
Analytical work & mainstreaming	Success in mainstreaming in key development plans	Complex processes required to mainstream climate change
		Shortage of data
		Synchronization of analytical work with production of SPCR
Operational/ management	Commitment of MDB staff and continuity	Procurement rigidities, which resulted in delays
		Changes in procedures and inadequacy in operational standards
		Consultants unfamiliar with government institutional practices and norms
		Harmonization of procedures between national governments and MDBs
		Tight deadlines and underestimation of time required to complete research studies
		Lack of dedicated administrative support at the onset of project implementation and project management skills
		Lack of familiarity (clarity) with rules and procedures for assessing funds and hiring consultants
		Cost- and quality-based selection attracted large and unspecialized firms
		Lack of results framework or logframe to guide implementation

Source: Pilot country template responses

Enabling factors

27. The extension of Phase 1 activities beyond the development of the SPCR, both in terms of scope and implementation period, had positive impacts for SPCR implementation**. Continuing Phase 1 activities and institutional support into Phase 2 serves to bridge the gap between the two phases. However, failure to distinguish up front between activities needed for preparation of the SPCR and for readiness for Phase 2 led to disruptive gaps.**

28. The development and implementation of Phase 1, including the completion of SPCRs, took longer than expected. Originally it was estimated that countries would need up to 18 months to design their SPCR. However, contract delays were common. In addition, the nature of the PPCR contributed to delays. For example, climate resilience is a relatively new and specialized field, and much of the knowledge lies with individual experts and academic institutions. Hiring of consultants for climate resilience issues does not lend itself easily to the cost- and quality-based selection typically promoted by MDBs, which tends to attract large, unspecialized firms. Limited administrative capacity also slowed the process, as did language barriers in some cases. The time required to hire consultants and the delays between grant approval and the start of work were generally underestimated, with delays of 4-5 months common. Likewise the time required to assemble multi-sectoral and multi-stakeholder committees added to delays and the complexity of contract management under Phase I.

29. For many countries there was an overlap between Phase 1 and SPCR implementation (e.g. Haiti, Zambia, Yemen, Samoa, Tajikistan and Mozambique). This overlap resulted in part from delays in implementation of Phase 1 but also from the expanded range of activities initiated with Phase 1 funding. Phase I grants were extended in many cases to provide a bridge to Phase 2, preventing the gap that could undermine the accomplishments of Phase 1 and programmatic nature of the SPCR implementation. That is, Phase 1 support became important for the sustenance of the PPCR program. While this was not the initial intention, the benefits of this overlap were recognized and supported by the MDBs. Stakeholders interviewed for this study suggested that in many countries Phase 1 created the glue which holds the program together throughout its implementation.

30. Most of the pilot countries faced delays in the implementation of Phase 1, and were granted extensions. The most common causes of Phase 1 delays, as reported by the pilot countries, reflect the fact that Phase 1 capacity building, consensus building and analysis activities were more time-consuming than expected, and it was difficult to move forward without completion of these components. Obstacles to rapid completion are closely tied to the low readiness of the pilot countries. For example, the **Caribbean regional program** had difficulty recruiting necessary personnel, in part because of the brain drain phenomenon currently affecting the region. For some countries, it was difficult to identify suitable private sector partners, which has delayed private sector engagement. A few pilot countries noted the importance of moving quickly from planning to implementation on the ground. In **Papua New Guinea** two years elapsed between the Phase 1 grant approval and SPCR endorsement and some momentum and awareness that was built up during Phase I consultations was lost.

31. **MDBs were critical catalysts in the process and development of the Phase 1 and the resulting SPCRs.** Well-coordinated joint missions and collaboration among the MDBs

contributed to the efficient development of both Phase 1 proposals and the SPCRs. The involvement of more than one MDB in most countries had positive impacts, although it also created management challenges.

32. MDB joint missions played a substantial role in creating the enabling environment for implementation of the PPCR. MDBs are responsible for providing technical and operational support to the pilot country implementing agencies, and for facilitating cross-learning between the implementing entities and the MDBs. For most of the pilot countries, there was a scoping mission and two joint missions, which included all MDBs supporting the country through the PPCR and, in some cases, other development partners. The purpose of the joint missions was to develop a clear process and financing plan for the government's preparation of its SPCR. These missions aimed to support a country-driven, participatory process, with country governments expected to lead and coordinate the missions. Broad participation was encouraged in order to promote country ownership of the PPCR program as well as to promote partnerships among the government, national stakeholders, and development partners. Joint missions were also to explore how to use the PPCR to build a partnership framework for integrating climate resilience into national processes, including those that engage other development partners.

33. The joint missions proved to be an effective mechanism for promoting the PPCR work and engaging high-level decision-makers. Activities undertaken in the joint missions included:

- Broad-based consultations (with development partners and stakeholders, national and sub-national level authorities) on content and implementation arrangements for Phase 1 to support consensus building;
- Prioritization of areas;
- Stocktaking of ongoing climate change adaptation activities and gap analysis;
- Assessment of mainstreaming opportunities at national and sub-national level; and
- Technical assistance to undertake the design and development of the SPCR (including timelines and financial proposals).

34. During the joint mission to Nepal, two underlying themes emerged as crucial to building resilience to climate change impacts: (i) adopting a multi-sectoral approach focusing on frontline sectors involving the water-agriculture-forestry nexus; and (ii) employing bottom-up initiatives. These themes were underscored in MDB discussions with the key stakeholders, including the government, development partners, NGOs, private sector, and the constituent assembly.

35. For most of the pilot countries, more than one MDB has been involved, which was generally considered to be beneficial as the MDBs brought different strengths to the process. For example, in Mozambique, the African Development Bank (AfDB) led work with the government to design and monitor pilot interventions in the Limpopo basin; the World Bank with interventions in the Zambezi Valley and a coastal city; and the International Finance Corporation (IFC) in the private sector, in all cases building on existing work or specific expertise. However, a significant amount of coordination was required among the MDBs, which created challenges, as this represented a new working model between MDBs. Country governments also had to cope with different MDB procedures and be clear on the particular strengths of the MDBs.

36. In some cases the Phase 1 proposals outlined the particular roles of the MDBs and specified the lead MDB. For example, in **Cambodia** the World Bank, as the executing agency for the Phase I grant, was to be involved in all procurement decisions while ADB and IFC would provide technical inputs into the selection and monitoring of consultants for specific tasks for which they take the lead responsibility.[5] However, CIF procedures did not clearly formalize the role of lead MDB for the SPCR. This role has since been clarified, which will enhance accountability, improve administration, and support the programmatic approach through the implementation phase.

37. In terms of **operational efficiency**, lack of familiarity with MDB safeguards and procurement processes, the need to meet multiple MDB and national requirements, and limited administrative capacity were among the greatest challenges for Phase 1 implementation. In addition, Phase 1 implementation delays resulted from poor estimations of the time needed to engage consultants and carry out analytic work and organize meaningful stakeholder consultations. Beyond these administrative matters, the admixture of activities designed to support preparation of the SPCR with activities that extend into the implementation phase created additional complications although, as noted, also important benefits. On the positive side, many countries cited the availability of experts and good teamwork between experts, stakeholders, MDBs and government agencies as a key strength of Phase 1. This created a cohesive program, enabled challenges to be overcome, and expedited the preparation of SPCR.

38. Involving multiple MDBs could however lead to management challenges as they might have different requirements. In Zambia for example, there was little coordination between the different guidelines and procedures of AfDB and the World Bank, which hindered Phase 1 implementation during the procurement of contracts. This delay could have been avoided through harmonization of procedures and requirements of the different parties involved.

39. **Establishing country ownership from the outset facilitates the Phase 1 process, increases commitment to the program, and ensures that the SPCR reflects country priorities.** Phase 1 was country (government)-led in some of the pilot countries and MDB-led in others, depending on the capacity to take ownership. In countries where MDBs took the lead, ownership was built up through the collaborative process.

40. It is widely recognized that, to ensure ownership and acceptance of a national program, the relevant government agencies need to be in the "driver's seat" from the beginning of the process. Government ownership has generally been strong across the pilot countries. In countries that were well prepared for SPCR development, including predefined priorities and strategies in place, country ownership is most evident. In countries where greater capacity building was needed, the Phase 1 grant could be MDB-executed or led. Where coordination between ministries was lacking, government ownership is typically weaker and the ability to design a programmatic approach more limited. Phase 1 accommodated different levels of country ownership, including a variety of country-led and MDB-led processes.

[5] Although the World Bank led the implementation of Phase I in Cambodia, it is not involved in the implementation of any PPCR Phase 2 investments.

41. For many countries, country ownership of the Phase I process meant not just government leadership but the participation of other stakeholder groups. Both Saint Lucia and Zambia focused on developing an SPCR that met national needs through strong stakeholder engagement. This stimulated the sense of ownership by both citizens and organizations when preparing and implementing project proposals and programs for building climate resilience and thus aimed towards a wider impact than that of the PPCR itself. However, in Zambia this also brought along challenges in coordination, delineation of responsibilities and commitment. In Saint Lucia the hiring of local consultants aids this process by focusing specifically on locally-relevant perspectives and experiences and creating ownership at the local level. More country ownership and engagement with political stakeholders could also balance MDB influence, as one country reported, as MDBs may exert pressure towards areas that they want to pursue rather than what might be in the best interests of the country.

Box 5: Tajikistan – country ownership and sustainability issues

At the outset of Phase 1, Tajikistan did not have a NAPA which could be used to develop the SPCR nor a dedicated agency to lead climate-related policies and projects. There was also a lack of local capacity. For practical reasons, the MDBs took the lead, supported by a small team of consultants.

Because it was considered absolutely critical to build government capacity, a large component of Phase 1 supported institutional capacity building and the establishment of a coordination unit. The PPCR Secretariat was set up as a dedicated function within government, for which the government took ownership.[6] Factors critical to the success of this institutional capacity-building initiative were: (i) identifying and engaging people who could make a valuable contribution; (ii) attaching the Secretariat to the Prime Minister's office; and, (iii) ensuring the Secretariat had a clear sense of purpose and structure.

Staff at the Secretariat are funded by the PPCR (initially through the SPCR and then through a technical assistance project) and paid more than other government staff, raising the issue of sustainability once funding ends. One option for the long-term sustainability of the Secretariat is to expand its focus to coordinating climate resilience initiatives in general, with the PPCR playing a role in connecting the country to other finance mechanisms. With this in mind, the work plan of the Secretariat includes exploring implementation of the Adaptation Fund and the Green Climate Fund.

42. The PPCR Phase I process in Zambia was very much country-led, including both the procedural aspect of administering the Phase I grant to the leadership in shaping the SPCR. Zambia's investment components were selected based on its National Development Plan and National Climate Change Strategy. The active involvement of Permanent Secretaries and the Secretaries to the Treasury and Cabinet was critical to the establishment of the National Climate Change Secretariat, which coordinated the Phase I process. Leadership by the Zambian Government in key missions and the engagement of local authorities gave legitimacy and acceptability to the design of Phase 2. In Nepal**,** the Phase 1 technical assistance grant allowed

[6] To learn more about the activities of the PPCR Secretariat, visit http://www.ppcr.tj or https://www.facebook.com/ppcr.tj

the Government to own and lead the process. The Government used grant funds for consulting services to prepare the SPCR. The National Planning Commission played a key role in guiding the initiative, with the Ministry of Environment acting as the focal agency.

43. When a grant is recipient-executed, as is the case for most World Bank grants, the recipient takes responsibility for all procurement. In special cases, a waiver can be sought allowing for a Bank-executed grant, with the Bank taking responsibility for procurement. MDB procedures for recipient-executed grants require a review of the procurement and financial management capacity of the government implementing agency before the grant is signed, as well as preparation of a detailed procurement and financial management plan, all of which were time consuming. Where grants are recipient-executed, as generally required by the MDBs, task teams and recipient governments can accelerate the process somewhat by ensuring, where possible, that recipient entities are already accredited for procurement and financial management and have experience managing externally financed programs.

44. In Yemen, although the government executed the grant, the World Bank was heavily involved in the Phase 1 process. However, high-level political commitment to the PPCR in Yemen was demonstrated through the formation of the Inter-Ministerial Committee for Climate Change chaired by the Deputy Prime Minister and the Minister of Planning and International Cooperation soon after Yemen was selected as a pilot country.

45. Where grants were executed by MDBs[7], standard bidding procedures for consultants' services and close consultation with government agencies were still required. Nevertheless, Phase 1 was generally implemented more quickly under MDB-executed grants than country-executed grants.

46. Phase 1 grants for the pilot countries in the Caribbean and the Pacific regions were largely MDB-executed. These countries have limited human resources and the MDBs' involvement facilitated the process. However, in order to promote a country-led process, all activities were undertaken at the request of the country, as if it were a recipient-executed grant. In the case of several countries in the Caribbean, while the countries took the lead in preparing the terms of reference (TOR) and selecting consultants, the World Bank formally executed the grants to help the countries avoid cumbersome processes associated with recipient-executed activities.

47. In Jamaica**,** for example, the grant was executed by the Inter-American Development Bank (IDB), although the government played a leadership role. The Planning Institute of Jamaica assumed the lead agency role for the development of the SPCR and was able to build upon work it had undertaken to become accredited as a national implementing entity for the Adaptation Fund.[8] Other factors that allowed Jamaica to move forward relatively quickly and independently

[7] MDB-executed projects: project budgets for which the MDB has spending authority and which support the MDB's work program in that country.

[8] To become accredited as an Adaptation Fund implementing entity, agencies must satisfy criteria for meeting fiduciary standards along three categories: financial integrity and management, institutional capacity, and transparency and self-investigative powers. At the time of writing, PIOJ is one of only 15 agencies to become an accredited national implementing entity and the only among PPCR pilot countries.

were the availability of technical background information and an existing climate change policy, as well as a long-term, cross-sector policy framework for Jamaica's development pathway, Vision 2030, within which the PPCR could be anchored.

48. In Papua New Guinea**,** the support provided in Phase 1 enabled a participatory approach to the design of the SPCR, emphasizing country ownership and collaboration of government and civil society. The Government was committed to ensuring a 'whole-of-government' approach flowing from the Prime Minister's Office, in accordance with the Prime Minister's role in driving climate change strategies and plans at the national level.

49. For countries at a relatively nascent stage in addressing climate issues, more support was required in Phase 1 from the MDBs and consultants. For example, in Tajikistan country ownership was initially low. However, the PPCR process evolved to be country-led, with leadership from the Deputy Prime Minister (see Box 5).

50. **Institutional and inter-governmental coordination is essential for developing and maintaining a programmatic approach that will support mainstreaming of climate resilience.** Phase 1 was largely successful in developing sustainable institutions for integrating climate resilience, although some may require additional support. Anchoring the PPCR in a lead ministry is one of the most reliable measures for ensuring inter-governmental cooperation. The approach taken to building the institutional mechanisms for PPCR reflected country readiness and existing structures for climate change adaptation and resilience. While some countries were able to employ existing institutions, others built upon ad hoc institutions, and some built new institutions (Rai 2013c). These three approaches are reviewed here, with an overview of Pilot Country institutional leads in Table 5.

- ***Harness or enhance existing institutions***: In countries with clear institutional arrangements for climate change, PPCR has built on or enhanced existing institutions. For example, in Cambodia, the main institutional responsibility for climate change coordination rests with the National Climate Change Committee (NCCC), established in 2006 and chaired by the Senior Minister of Environment. The NCCC comprises high-level representatives from 19 line ministries. Its Secretariat, the Cambodian Climate Change Department (CCD), has been functioning, although in a more limited capacity, since 1999. The PPCR has built on this existing arrangement, in particular strengthening the CCD and its climate change technical team through the technical assistance component of the SPCR.

- ***Transition from an ad hoc to a long-term institutional arrangement:*** At the start of the PPCR Phase 1, Zambia had an *ad hoc* institutional arrangement consisting of a Climate Change Technical Unit with a fixed duration mandate under the Ministry of Tourism, Natural and Environment Resources. The Ministry of Finance and National Planning formed multi-stakeholder platforms aligned with the SPCR transformational themes and the priorities of the National Development Plan, namely: climate resilient agriculture, climate resilient infrastructure, and climate information. These platforms, led by highly respected national champions, enabled partners from government, academia, civil society and the private sector to collaborate. Arrangements were formalized in 2012 with the establishment of a secretariat for climate change under the Ministry of Finance; a technical committee composed of representatives from key line ministries, civil society and the private sector; and a high-level committee of Permanent Secretaries. The secretariat is fully operational, with suitable office space, a core staff of civil servants, and fiduciary information and logistical support. This strengthened institutional coordination is empowering Zambia to access climate change funds from multiple international aid sources.

- ***Establish new institutions:*** In a number of countries, the PPCR has successfully supported the establishment of new institutions to address climate risk. The sustainability of national PPCR institutions is uncertain in some cases. For example, the institutional arrangements in Tajikistan (see box 5) are dependent on political will and the ability of the national government to take responsibility for these institutions in the future, including their financing. In some countries, there was some hesitancy to make commitments under Phase 1 on the part of line ministries because there were few incentives for participation. In Zambia, for example, the deployment of sectoral staff to the secretariat was slow due in part to concerns about salary incentives and career advancement. This aspect is expected to be resolved by agreement on salary increases and by the training and career opportunities offered by Phase 2.

Table 5: Overview of Pilot Country Institutional Leads

Institutional Lead /Focal Point	Examples
Ministry of Finance	**Zambia**: Ministry of Finance is the focal agency as well as the lead coordinator and execution agency of the PPCR. **Bangladesh** and **Cambodia**: the Ministry of Finance has a focal administrative role while the Ministry of Environment has an execution role, with Ministry of Finance playing a key role in decision making.
Central Presidential or Prime Ministerial office	**Tajikistan:** PPCR is attached to the Prime Minister’s office. **Mozambique**: PPCR Phase 1 was administered by the Ministry of Planning and Development supported by the Ministry of Environment (MICOA); coordination of Phase 2 is the responsibility of the National Sustainable Development Council, which reports to the Prime Minister’s office and to MICOA.
Ministry of Environment (with technical mandate to address climate change issues) or other ministry.	**Bolivia**: PPCR is within the Ministry of Environment and Water, while Ministry of Development Planning is another key agency. **Nepal**: PPCR is within the Ministry of Environment and Science and Technology. **Yemen:** PPCR is within the Ministry of Environment. **Niger:** PPCR is within the Ministry of Planning and Community Development.

Source: Rai 2013c.

51. **Capacity building is central to the success of the PPCR, and a clear justification for a strong preparatory phase prior to the implementation of the investment plan.** Technical support provided by the MDBs during Phase 1 played a critical role in capacity development and analytic work. The convening of regular CIF-supported pilot country meetings allowed participating countries to learn from each other. Greater investment in systemic capacity building, diagnostic work, and M&E would have strengthened the program in some pilot countries.

52. Several countries pointed out the importance of capacity building, especially for civil society organizations (CSOs) and the private sector. Countries commented that capacity building focusing on increasing knowledge of climate change, technical assistance, and developing skills is very important in building an effective PPCR project and working towards transformational change.

53. **Consultations undertaken during Phase I enhanced engagement and communication among stakeholders and increased ownership across all pilot countries.** Successful stakeholder participation in the PPCR process requires active inter-governmental collaboration as well as broad-based stakeholder engagement, particularly with civil society. The process of building stakeholder consensus was time-consuming and sometimes burdensome for the participants.

54. Broad-based stakeholder consultation and participation is critical for delivering a programmatic approach. Stakeholder collaboration and cross-sector dialogue in the PPCR process are necessary for ensuring that the definition of country priorities and proposed investments incorporate the views of civil society, the private sector, and ministerial stakeholders. Engagement and communication activities were a strong feature of Phase 1 across all the pilot countries, with stakeholder consultations typically seen as critical to the elaboration of the SPCR. Pilot countries credited Phase 1 with galvanizing a high level of stakeholder input into the design of the SPCR. Beyond Phase 1, cross-sector coordination capacity and permanent dialogue are considered central to developing and maintaining dynamic engagement of sectors in all SPCR activities. There is a clear correlation between the level of stakeholder involvement and the level of cooperation with implementation. Yet countries also encountered challenges in the process of stakeholder consultations, including difficulty reaching consensus, stakeholder consultation fatigue, the need to manage stakeholders' expectations, and the need for additional time and effort to sufficiently raise the level of capacity among different stakeholders such that they could fully understand the issues.

55. Collaboration and stakeholder involvement took various forms in Phase 1:

- ***Collaboration between the government and MDB*s:** Active, day-to-day collaboration between the government and MDBs facilitated agreement on a common framework for PPCR projects and supported government institutions when capacity was still weak.
- ***Multi-sectoral collaboration***: Cross-sectoral collaboration provided multiple benefits in the form of complementary expertise, economies of scale, avoidance of duplication, and fostering opportunities to complement funds and activities on

the ground. Continued dialogue, horizontally and vertically across institutions, is necessary for successful mainstreaming of climate resilience considerations. This may benefit from formal agreements and resource allocations.

- ***Collaboration with partners****:* Involving partners from civil society, academic institutions and other contributing partners along with government staff in preparing the SPCR helped build consensus on priority investments as well as greater cooperation among stakeholders.
- ***Collaboration with other countries:*** Learning from other countries' experiences (e.g., through PPCR pilot country meetings and other shared learning mechanisms) and seeking help from countries in the region on specific matters were seen as beneficial.

56. Stakeholder consultations provided a strong basis for SPCR development and for Phase 2 implementation. In Papua New Guinea, an extensive, broad-based national consultative process included assessments by thematic working groups, community consultations, focus group meetings, and national consultative workshops. The national workshops included representatives from key government agencies, vulnerable communities, civil society, and development partners, and built on the country-driven process used to develop the country's Climate Compatible Development Strategy. The consultative process highlighted where the PPCR program could best support Papua New Guinea's national approach to climate change adaptation. In Yemen the PPCR reflects a highly consultative process across all stakeholders. All of the consultations were well attended and the process, results, and outputs documented. These consultations were instrumental in shaping the focus and design of the Phase 1 proposal.

57. A clear organizational structure for stakeholder consultation can facilitate the process and ensure that it is inclusive and efficient. In Cambodia, stakeholder participation was achieved through meetings, involvement in studies, and national workshops held to discuss draft reports. Phase 1 increased awareness and understanding within government and built policy and institutional capacities to support and mainstream climate change resilience into planning and development. However, the process would have benefitted from a clear strategy for engagement with all relevant line ministries and provincial departments, local community and provincial authorities of the four provinces targeted for PPCR support, NGOs, the private sector, and women's groups.

58. Gaining approval of civil society posed a challenge in some countries. In Nepal, 850 stakeholders were reportedly consulted, building on consultations undertaken for the NAPA. The Federation of Nepal Chamber of Commerce and Industry led private sector engagement with the IFC, supported by a technical working group. However, the PPCR in Nepal struggled to gain the support of CSOs. The process has been criticized for a lack of transparency and limited consultation with CSOs active at the community level (Thapa 2011).

59. **A regional track can provide benefits to countries with limited capacity facing shared challenges, like the Caribbean and Pacific SIDS.** SIDS can benefit from sharing resources and technical inputs, with the support of a strong regional entity. However, regional programs must invest in effective regional institutions and build cooperation to ensure value is

added, supplementing the national programs. Both regional programs focused heavily on individual countries as the efficient starting point for building a regional program.

60. The pilot countries in the Caribbean reported a varied level of engagement with the regional track program. For example Saint Vincent and the Grenadines had little engagement with the regional program during Phase 1 (as the regional program was behind schedule). However, Dominica interacted in a number of ways including obtaining guidance from the Caribbean Community Climate Change Center for the country's climate change risk assessments as well as technical support to the design of its SPCR. In Haiti the Caribbean regional track enabled better understanding of climate change issues, and supported the extension of hydro-meteorological instruments and studies, notably on climate change and gender. Furthermore, in Saint Lucia complementarity between regional and national processes was beneficial to all countries involved by making the processes as effective as possible.

Barriers

Uncertainty about Phase 2 Funding

61. Uncertainty about funding for Phase 2 also affected decisions about Phase 1. Two changes contributed to these concerns. First was a reduction in the credit ceiling. Initially, single country programs were eligible to request up to $60 million in credits, in addition to $50 million in grants. In June 2011 the PPCR Sub-Committee decided to reduce the credit ceiling to $36 million, due to higher than expected demand for credits. Second, the number of countries requesting PPCR funding increased. The original plan was for nine SPCRs from individual countries and two regional SPCRs, but with SIDS participating in the regional program developing not only a regional track but also national SPCRs, the number of SPCRs increased to twenty. Pilot countries perceived this as an additional pressure on funds.

62. As a result, some countries, such as Mozambique, were motivated to fast-track Phase 1 in order to ensure access to Phase 2 funds. This limited the time available for implementing Phase 1 activities that provides the basis for Phase 2, including learning, capacity building, and cross-sectoral coordination. Tajikistan also felt that it could not risk spending several years preparing the SPCR, and opted for rapid preparation of the investment plan.

Lower readiness levels

63. Pilot countries with lower readiness levels were more likely to experience delays due to administrative challenges, inadequate coordination within the government, and government instability. The countries needing the most time to prepare their SPCR (Haiti, Papua New Guinea and Yemen) were impeded in part by low capacity and lack of existing climate change studies and analytical work. More rapid preparation was possible in Samoa, which benefited from an existing enabling environment for climate adaptation, and in Tajikistan where, at the Government's request, the process was led by MDBs.

Barriers to Private Sector Engagement

64. **The private sector has a critical role to play in climate change adaptation, but several major barriers limit private sector engagement in the pilot countries.** These include the underdevelopment of the formal private sector, lack of knowledge and experience with adaptation-related investment opportunities, and the difficult business environments in some pilot countries. Supporting viable private sector investments in PPCR pilot countries requires

building transferable experience in other countries, a longer timeframe for developing projects, and broad capacity building.

65. Engagement of the private sector (businesses, insurance companies and banks) in Phase 1 and in the investment plans faced a number of obstacles. First, the PPCR is focused on low-income countries where formal private sector activity and capacity is extremely limited. In most of these countries, the small size of the formal private sector, low technical capacities on the part of businesses, farmers and banks, and difficult business and investment environments constrain private sector interest. In addition, the lack of an enabling framework including, *inter alia*, an appropriate regulatory framework and incentives, basic scientific data on weather and climate, and training provision, compounds the problem of private sector involvement. Together, these conditions make it extremely challenging to define viable private sector investments for Phase 2. For example, in Zambia there were no effective strategies in place to prepare and inform private actors of the different opportunities to invest in climate resilience. Consequently, only a limited number of private sector partners were engaged throughout Phase 1.

66. Second, climate adaptation and resilience-building require a paradigm shift in how the private sector operates. Clear evidence of the benefits from climate-focused investments and well-tested business models in the sector are needed to encourage private sector interest (IFC 2010). Awareness of private sector climate risk and solutions is especially low in the PPCR countries, where the private sector was starting from scratch in exploring potential risks and business opportunities. Development of innovative investments in low-income countries will require a different approach to create appropriate models for adaptation investments. One possibility is to transfer lessons from middle-income countries, where the formal private sector has greater breadth and capacity to invest in climate resilience measures, to low-income countries. For example, experience with energy and water financing in a range of middle-income countries, including Turkey and Russia, is providing lessons for the development of the PPCR's Small Business Climate Resilience Facility in Tajikistan.

67. Third, the role of the private sector and needs for private sector investment were not always well understood by government focal points who led the development of SPCRs. Because the need for financial resources to address adaptation and resilience priorities was substantially larger than the available PPCR resources, governments showed a natural preference for public sector investment which is reflected by the predominance of public sector projects in the SPCRs. Greater awareness and understanding among government decision-makers of the potential contribution of the private sector to adaptation and resilience-building is needed.

68. Finally, the timeframes for Phase 1 did not match well with private sector needs. The slow process of consultations in Phase 1 was not readily compatible with private sector participation, particularly since business associations are few or non-existent in these countries. Participation was also limited because, without a direct stake in the outcomes, the private sector has little incentive to participate in time-consuming discussions. The timeframe and scope for the SPCR development tended to discourage meaningful private sector participation. However, it is clear that substantial time needs to be allowed to establish the requisite enabling environment for the successful development of private sector investments. Based on their experience to date with the PPCR, MDBs suggest that the development of private sector investments in low income

countries is likely to take one to two years, and will depend on the enabling framework and the depth of the private sector in the country. In sum, in these countries considerable upstream capacity building needs to be undertaken to facilitate private sector investments, whether through Phase 1 or project preparation grants. In Mozambique, Niger and Zambia, IFC is addressing the challenges of preparation for private sector investment through a program of advisory services projects that aim to promote and pilot new concepts of climate adaptation, validate the commercial viability of these concepts, and create an enabling environment and preconditions for successful investment.

69. The CIF Administrative Unit has been working to support sharing of experiences among MDBs, PPCR pilot countries, contributor countries and observers to better understand the degree and nature of upstream work required to lay the groundwork for private sector involvement. In addition, a PPCR private sector set-aside has been created to encourage private sector involvement (see box 6).

Box 6: PPCR Private Sector Set-Aside (CIF 2013)

Of the 62 projects and programs identified within SPCRs, only 10 are private sector operations. Recognizing the challenges and opportunities of involving the private sector in adaptation investments, the PPCR Sub-Committee established a private sector set-aside of U$ 70 million in near-zero interest credits to enhance private sector engagement. These funds are intended to facilitate the development of innovative, break-through instruments and strategies to stimulate the development of private sector projects and programs in the PPCR pipeline.

Procedures and criteria for allocating PPCR resources from this set-aside were approved in early 2013. The first round of funding through the set aside concluded in October 2013 with the PPCR Sub-Committee endorsing six project concepts totaling about $41 million for further development. Endorsed projects span the energy, infrastructure, agriculture and forestry sectors in Haiti, Jamaica, Mozambique, Saint Lucia, and Tajikistan. A second round of set aside funding, concluding in April 2014, allocated another $24 million to four projects in Bolivia and Cambodia. To be considered for PPCR set aside funding, concept proposals must be submitted by one of the MDBs on behalf of the potential project proponent and proposed activities must be aligned with the host country's SPCR.

LESSONS LEARNED

70. Readiness in PPCR pilots to implement large-scale adaptation programs was driven by a number of factors, including prior assessments and analysis, existing national and regional strategies, consensus-building, and institutional structures for climate change. These likewise affected the amount of funding required, the pace of development of the Phase 1 proposal and its implementation, and the need for support from the MDBs. While the role of the MDBs in supporting Phase 1 was generally considered positive, the review revealed some challenges with the complexity of compliance with MDB procedures. These challenges, along with frequent underestimation of the time required to complete Phase 1 activities, meant that the completion of SPCRs and other Phase 1 activities generally took longer than expected.

Relevance, Flexibility and Effectiveness

71. This section summarizes lessons learned regarding the relevance, flexibility and effectiveness of Phase 1 as an element of the PPCR's programming and financing modalities and as a potential model for supporting countries 'readiness' process to attract and deploy large-scale financing for climate-resilient development. This section incorporates feedback from the PPCR pilots on lessons learned from their experience with Phase 1 and the aspects they would have done differently.

Relevance

72. The relevance of PPCR Phase 1 refers to how well the underlying needs assessment to determine the resource demand for Phase 1 matches up with its use and whether there are activities supported with Phase I funds that would otherwise not have been funded.

73. In terms of developing pilot country **readiness to implement a programmatic approach** to climate resilience, Phase 1 supported the key building blocks, namely country ownership, capacity building, coordination and institution building, and communication and collaboration, including governments, donors and stakeholders, and the private sector. Countries require different levels of support depending on their baseline readiness in each of these areas, as well as on factors outside the scope of Phase 1 investments, such as natural disasters and political conflict. The PPCR countries and regions represent a range of climate change risks and were at very different stages in addressing these risks in their development planning and budgeting processes, which shaped the way PPCR Phase 1 was implemented. The limited readiness, not only technical but also administrative, of many countries meant that a substantial investment of time was needed to hire consultants, carry out studies, establish institutions, build stakeholder consensus, and create enabling conditions for private sector investments. For the regional programs, which had to coordinate across a number of governments, this was especially true.

74. Countries' readiness also correlated with the level of country ownership of the Phase 1 process and, in some cases, the extent to which the SPCR aligned with national priorities. Where countries had well defined priorities for mainstreaming as well as established institutions, a detailed preparatory phase was not needed. However, for most of the pilot countries, building institutional and technical capacity was an important focus of the preparatory phase. For many countries, the development of institutional coordination structures within the country government, capable of delivering on a strategic program and sustaining the PPCR through Phase 2 and beyond, was considered the most significant achievement of Phase 1. Notable shortcomings of Phase 1 include the need for more extensive and accessible data and analysis, particularly for diagnostic purposes, the need for greater attention to monitoring and reporting from the outset of the process, and the need to further increase stakeholder capacity, most particularly in civil society and the private sector. Continued investment of financial and human resources in these areas will be essential for a successful implementation phase.

75. For example, Saint Lucia learned early in Phase 1 the need to broaden the message of climate change to the public sector, private sector and civil society. It was critical that Saint Lucia's PPCR process was not seen to be owned by the government, but instead by all parties

involved, and as thus there was an effort to consult with sectors and/or groupings not normally engaged during a project development phase and in the climate change dialogue as a whole. This was also relevant to attract additional funding, to increase the capacity for monitoring, reporting, and knowledge management and to ascertain the specific needs of both government and other stakeholders.

76. Saint Lucia also stresses the importance of making climate change interventions under the PPCR consistent with national development goals. This way the interventions selected for implementation in the first instance may 'plant the seed' to facilitate transformational change over time. The same was concluded in Yemen, where a comprehensive consultation process under the preparatory phase reflected and addressed the countries' real needs and priorities in order to form a concrete foundation for what PPCR activities would be needed.

Flexibility

77. The flexibility of PPCR Phase 1 refers to the extent to which the requirements, scope, financing, and/or timing of Phase 1 was flexible enough to account for different needs and capacities of the PPCR pilots.

78. Phase 1 was **highly flexible** in terms of scope, financing, and timing, adapting to the diverse circumstances, needs and capacities of the pilot countries. Flexibility proved to be an important and necessary principle to adhere to across Phase 1 implementation, allowing governments to absorb and prepare for PPCR according to country-specific needs and capacities.

79. Phase 1 grants addressed a **broad range of needs and capacities** across the diverse set of pilot countries. Countries selected for the PPCR face both vulnerability to climate change and limited in-country capacity for designing and implementing a response. The same limitations that Phase 1 was designed to address, notably technical and institutional capacity and lack of national consensus on climate priorities, also made it difficult in some instances for countries to make efficient use of the Phase 1 grant and to move forward with development of the SPCR. These constraints are reflected in both operational efficiency and the development of country readiness for implementation.

80. In some cases Phase I may have provided too much flexibility, especially with regard to timing. Mozambique suggested the need for greater guidance on a suitable timeframe for the preparation of the SPCR that would provide enough time to form a multi-sectoral team to prepare the document, conduct a comprehensive multi-stakeholder consultation including the private sector and civil society organizations, and engage at the ministerial level in the implementation of SPCR projects. Several countries suggested that providing information about timelines and key benchmarks could be helpful in the SPCR preparation process.

Some MDB project teams recommended a more targeted allocation of Phase 1 funds, suggesting that a focus on just two or three priority activities could deliver stronger coordination and agreement between government and the PPCR-implementing MDBs, reduce complexity and time required to complete Phase I, and lessen the risk of underfunding certain activities.

Effectiveness

81. The effectiveness of PPCR Phase 1 refers to the design and delivery of its financing mechanism and whether it is supporting its objective in making a country 'ready' for attracting and deploying large-scale adaptation finance.

82. Overall, the deployment of Phase 1 grants to support the building blocks for country readiness was effective in preparing the pilot countries to develop and implement SPCRs. By taking a flexible approach to funding a combination of diverse activities that strengthened country ownership, technical capacity, coordination and institutional development, and collaboration rooted in broad-based stakeholder consultations, Phase 1 grants were generally effective in setting the foundation for high-quality SPCRs and strengthening enabling conditions for the implementation phase. An important exception however is on private sector engagement where Phase I was not very successful in harnessing private sector interest in or building capacity for implementing climate resilience investments in low-income pilot countries. Challenges also arose as a result of burdensome procedures and limited capacity in many pilot countries and regions, as well as uncertainty related to continuity between the preparatory phase and the implementation phase.

83. Of note is that Phase 1 evolved from a focus on SPCR preparation and 'readiness', as designed, into a longer-term support mechanism sustaining the PPCR through its implementation stage. This **sustenance function** has the benefit of allowing for the capacity-building efforts, analysis, and institutional support initiated in Phase 1 to continue into the implementation phase, preventing a gap that could lead to loss of momentum and undermine Phase 1 achievements. Welcoming the overlap acknowledges the considerable capacity development generally required by the pilot countries to scale up prior experience from planning or projects to a program or strategic level. However, a clear distinction was not drawn between activities needed for development of the SPCR and activities addressing readiness for implementation, an oversight that generated some uncertainties about funding following completion of the SPCR and continuity within the program. A more **seamless linking of Phase 1 and Phase 2 funding and implementation** could address these uncertainties and eliminate disruptive gaps in funding for ongoing studies, consultative processes, and essential institutions. Given that there is little experience of scaling up to programmatic or strategic levels of action, it should be expected that the preparatory phase will need to extend into the implementation phase, allowing for ongoing learning, collaboration, and innovation, and that the division between the two phases will need to be flexible. Moreover, as climate resilience activities are new for many communities where PPCR projects are being implemented, significantly more time was spent on preparing these areas for project implementation than was estimated. Zambia recommended to start piloting projects early in Phase 1 in order to create lessons and generate engagement in target beneficiary communities to increase their readiness for Phase II implementation.

84. Phase 1 activities went some way toward meeting intermediate objectives of the PPCR, demonstrating the substantial overlap between preparatory activities and implementation. These objectives include the improved integration of climate resilience into planning, processes, and implementation; increased consensus on an approach to climate resilient development appropriate to each country; increased finance availability (e.g., scaled-up investment commitment) in approaches to climate resilient development; and enhanced learning and

knowledge sharing on integration of climate resilience into development. Beyond the intermediate term, Phase 1 has contributed to building technical capacity, stakeholder consensus, intergovernmental collaboration and civil society cooperation, and to sustainable institutional arrangements that will support country-led climate resilience programs to meet the long-term goals of the PPCR.

85. Building on and strengthening the core characteristics of a programmatic approach – country ownership, consultation, capacity, and collaboration – created the enabling conditions for implementation of the SPCRs. Many countries cited the availability of experts and good teamwork between stakeholders, including the MDBs, and government agencies as a key strength of Phase 1.

RECOMMENDATIONS FOR FUTURE MECHANISMS DEPLOYING FINANCIAL RESOURCES FOR CLIMATE RESILIENCE

86. Several broad recommendations can be drawn from the lessons that have emerged from Phase 1, which could inform future efforts of the PPCR and other initiatives including the Green Climate Fund that aim to support readiness for and investments in climate-resilient development.

- **Integration of preparatory phase with implementation phase:** Recognizing that the overlap of the preparatory and implementation phases is beneficial, implementation could be strengthened by enhancing the integration of the two phases to further reduce disruptive gaps, inefficiencies and uncertainties. Before embarking on the country programming process, countries should carefully assess their needs, with clear definition of the investments needed to prepare the SPCR, to prepare the ground for implementation, and to support sustainable mainstreaming of climate resilience for the long-term. This would allow for a more seamless transition between phases, reducing lost time and momentum, and improving efficiency of use of funds.
- **Operational procedures:** It is important to ensure that processes and procedures for developing and facilitating the implementation of the SPCR through a programmatic approach are designed to optimize efficiency as well as accountability. This requires simplified and straightforward procedures and guidelines to enable eligible countries to be clear on how to **efficiently access funding**. These procedures and guidelines, as well as the role of the lead MDB, need to be clearly defined and communicated at the outset to project stakeholders and ideally, remain consistent throughout.
- **Clarity on needs and absorptive capacity**. The PPCR should be prepared to do more in low capacity countries. However, this does not necessarily mean more money, since low capacity countries may have difficulty absorbing large grants. Greater technical assistance may be more effective than increased funds. Within low and middle income countries capacity (technical and institutional) will vary and this needs to be clearly quantified as it underpins the success of the design and delivery of the strategic plan.
- **Programmatic approach:** Building a solid technical, institutional and social basis for a programmatic approach is essential in the short-term for the

development of the investment plan and over the longer-term for its sustainable implementation. This requires that the program:

- Maintain a **flexible approach** so that Phase 1 support can be tailored to meet specific needs of individual countries and regions. The different timeframes, funding amounts, and activities for the PPCR programming process in the pilot countries and regions underscore the need to respect country and regional circumstances when prioritizing adaptation actions and allocating PPCR resources.
- Ensure that programs are **nationally driven** and responsive to specific national needs and circumstances, even when development of **ownership** will slow the preparatory process. Country ownership is critical for defining and delivering on a national investment plan.
- Emphasize a **highly consultative process** across all stakeholders, recognizing that it may require substantial capacity building for civil society, including outreach and communications activities, through both the preparatory phase and implementation. A clear organizational structure will facilitate this process and ensure inclusivity. Allow sufficient time and resources for **analysis.** In countries with limited baseline data, a longer timeframe is needed to undertake comprehensive analytical assessments for diagnostic purposes. Substantial capacity building for analysis may need to precede the development of the SPCR.
- Ensure sustainability of **institutional support** to strengthen both Phase 1 and Phase 2. The program should be anchored in an entity which has the capacity and leverage to coordinate across sectors, and provision should be made to ensure long-term sustainability of institutions.
- Increase **capacity building** for both civil society and the private sector. Beyond short-term capacity building, a more systematic capacity building approach, including development of curriculum and technical skills in key disciplines, is needed to ensure sustainability. Dominica stressed the importance of direct intervention on institutional strengthening and capacity building that would enable transformational change.

- Recognize the challenges to **private sector involvement** from the beginning of the process to ensure realistic objectives for participation and investment. Model projects developed in middle income countries as well as substantial technical assistance and market building will be needed in low-income countries to create the conditions for private sector engagement. Allocation of funds for private and public sector investments through separate windows could reduce the preponderance of the public sector and facilitate private sector participation.
- Effectively distill, document and share **lessons learned and best practices** to strengthen knowledge among different stakeholders and facilitate informed decision-making.

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Annex: Phase 1 review questionnaire

Pilot Program for Climate Resilience

Learning Lessons from 'Phase 1' for developing Strategic Investment Frameworks for Climate-Resilient Development

Template for initial feedback from pilot country & MDBs

Background:

To facilitate the rapid development of strategic investment frameworks, each pilot country under the Pilot Program for Climate Resilience (PPCR) was given the opportunity to request for a preparatory grant ("Phase 1" grant) of up to USD 1.5 million. This grant was to enable countries / regional programs to conduct analytical work, consultations, knowledge and awareness raising, as well as initial capacity development, leading to the development of an comprehensive investment framework for climate-resilient development in the form of a Strategic Program for Climate Resilience (SPCR). Seven single pilot countries, six countries participating in the Caribbean regional program, three countries participating in the Pacific regional program and one regional institution responsible for the Caribbean regional component submitted "Phase 1" grant requests to the PPCR Sub-Committee for approval.

As of May 2013, all PPCR pilots have completed the process of developing their SPCRs, indicating a transition out of "Phase 1" and into the development and implementation phase of agreed investments. It is thus an appropriate time to take stock of what has been achieved with "Phase 1" financing, and to document lessons that can be learned regarding the relevance, flexibility, and effectiveness of "Phase 1" activities and funding as a potential model for developing strategic investment frameworks for climate-resilient development which can attract large-scale and diverse adaptation finance. The results from this work could inform any future modifications to the modalities of the PPCR and other institutions as well as mechanisms supporting climate-resilient.

The views of PPCR country focal points / stakeholders and Multilateral Development Banks (MDB) are central to this review. A consultation is therefore been undertaken to understand pilot countries' experiences with "Phase 1" activities and lessons learned. In order to initiate this consultation a template has been provided to be completed by pilot country focal points and the related MDBs. While all pilot countries will be consulted on their views and experiences with 'Phase 1', 4-5 cases studies will also be undertaken. These will provide more in-depth reflections from pilot country focal points on their experience with "Phase 1".

Consultation process on Phase 1:

- Template to be completed by MDBs and country focal points (by 7 September 2013)
- Follow up telephone calls / email correspondence (September / October 2013)
- Case study selection – mid September 2013
- Completion of case studies – end of October 2013

Draft Template

Country / Region:______________________

Completed by (name and position)[9]: ________________________

Date:____________________________

1. Has Phase 1 implementation been completed?
2. Was the PPCR / MDB process for accessing 'Phase 1' financing efficient and effective? If 'No', please explain.
3. Did you experience delays in the implementation of Phase I? If 'Yes', why?
4. What value did 'Phase 1' funding add to the development of your SPCR?
5. How many joint missions were undertaken during Phase 1? What was achieved in these missions?
6. Please summarise key areas of technical support provided in Phase I and where additional support would have been beneficial (if relevant).
7. *If* you are part of a regional program, how has your country program been linked to the regional program and what level of engagement have you had with the regional program during Phase 1?
8. What are the main links between the Phase I activities and the SPCR activities? Did Phase I activities enhance your "readiness"/preparedness to implement the large-scale investments supported through your SPCR? Yes/No.
   If 'Yes' how ? If 'No' why not?
9. What were the main strengths of the Phase 1 process?
10. What were the main weaknesses of Phase 1 / challenges you faced in implementing Phase 1?
11. What are the key lessons you have learnt from Phase 1?
12. What recommendations do you have for similar support to develop strategic investment frameworks for climate resilient development in the future?
13. Would you like to be considered for a case study? If 'yes', what themes would you like to focus on through your case study?
14. Other comments? Please add any additional points not already covered within this template related to Phase 1 and its links to Phase 2.

Please send any documents (or web link) that you feel would be useful to include as part of the review of Phase 1, which are not accessible on the PPCR website

[9] To be completed by country or regional focal points.